

December, and it was only granted on condition that the institution should discontinue all its branches except at Liverpool, and afterwards that it should discontinue business after February, 1837.<sup>1</sup> The bank was more liberal to some of the large houses with American connections and eventually aided them to the amount of £6,000,000.

The latter half of the year 1837 and the year 1838 showed an increase of the cash reserve of the Bank of England and a reduction in the discounts and circulation. The access of gold to England, however, was due to the abuse of credit in America, France, and Belgium and did not indicate a return of sound conditions at home. Notwithstanding the danger, the Bank of England lowered its discount rate, November 29, 1838, from four to three and a half per cent., and an increase to five percent, on May 16, 1839, was insufficient to arrest the downward course of the reserve. The suspension of specie payments again stared the bank in the face, offers were made to sell annuities, some public stocks were sold, and drafts were made upon Paris for £600,000 in bills of exchange. The bank was unable to reimburse these drafts when they matured and foreign bankers began to draw upon London for coin. Messrs. Baring and Company came to the rescue and made an agreement with several bankers of Paris to accept bills of exchange to the amount of £2,000,000. A like arrangement with the bankers of Hamburg procured £900,000 more, and on September 2, 1839, when the coin and bullion were at £2,406,000, the decline was arrested.

The Bank of France was fortunately in a position to meet these demands in 1839, for its own coin reserve had increased in January to 214,000,000 francs (\$41,400,000). It would have been less easy to spare gold at an earlier date, for the bank had only 105,000,000 francs (\$20,000,000) in its reserve in January, 1837, and demands for discounts were rapidly increasing from Paris and the country. The bank was compelled to buy 8,000,000 francs in gold and to import 10,000,-